

Internal Audit Report

(to be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Stoughton Parish Council Internal Audit		
Name of Internal Auditor:	Cathy Walsh	Date of report:	15 June 2023
Year ending:	31 March 2023	Date audit carried out:	13 June 2023

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.

The proper practices referred to in Accounts and Audit Regulations are set out in JPAG Practitioners Guide 2022. It is a guide to the accounting practices to be followed by local councils and it sets out the appropriate standard of financial reporting to be followed.

The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.

To the Chairman of the Council:

I carried out the year-end audit of the council remotely on 13 June 2023. I would like to take the opportunity to thank Victoria Webster (Clerk & RFO) for her co-operation and assistance in delivering the council's internal audit.

In preparation for the audit, I examined the publicly available information displayed on the council's website, including the council's policies, procedures, agendas, minutes, financial and other records. I sought evidence to confirm that the previous year's Internal and External Audit reports had been properly reported to the council and where necessary acted upon by the council.

During the audit I also examined the council's arrangements for the management and control of its business in the areas of bookkeeping, due processes (i.e. compliance with the proper practices as set out in the JPAG Practitioners Guide), risk management, budget setting and monitoring, payroll, asset register, bank reconciliations, internal control, year-end procedures and compliance with the publication requirements of the 2021/22 AGAR.

Approval of the Accounting Statements and Annual Governance Statement

- The council approved the Accounting Statements and Annual Governance Statement prior to Internal Audit. This is not best practice - see note 4 on page 2 of the AGAR; *The authority should*

receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.'

- The council **must** approve Section 1 Annual Governance Statement before approving Section 2 Accounting Statements. This must be separated and clearly minuted.
- The council plans to re-approve the Annual Governance Statement and the Accounting Statements in the correct manner at its meeting in July. The minute should say the council resolved to amend the AGAR based on comments made by the Internal Auditor and receipt of the Annual Internal Audit Report (AIAR).

Certificate of Exemption

- The council has certified themselves as exempt from a limited assurance review. An authority that wishes to declare itself exempt from the requirement for a limited assurance review must do so at a meeting of the authority. This needs to be evidenced by a separate and clear minute. (See note 1 on page 2 of the AGAR). The council's Certificate of Exemption refers to minute reference 14/23.b. However, there is no evidence in the minutes that the council passed a resolution, having first confirmed that it meets the qualifying criteria, that it wishes to declare itself exempt from a limited assurance review.
- There are significant errors with several of the values entered in the Section 2 Accounting Statements of the AGAR. As a consequence the total gross expenditure value entered in the Certificate of Exemption is also significantly incorrect.

Accounting Statements

- The Staff Cost figures presented in Box 4 of the Accounting Statements do not agree with the cashbook. They also should not include payroll costs or reimbursed expenses. See the JPAG's Practitioner's Guide 2.15 which defines staff costs for the purpose of Box 4.
- The figure presented in Box 6, All Other Payments, does not agree with the Cashbook. The total payments reported on the AGAR should include all transactions made during the year, including those unrepresented/cleared.
- The figure presented in Box 7 does not equal boxes (1+2+3) – (4+5+6).
- The figure presented in Box 8 does not agree with the bank reconciliation.

Bank Reconciliation

The figure presented on the bank reconciliation does not include any unrepresented cheques/payments (or unrepresented receipts) . Therefore, the figures are not correct.

As a result I regret that I have been unable to provide a 'yes' response to some of the internal control objective questions in the Annual Internal Audit Report.

Transaction Spot Check

As part of my assessment of compliance of the accounting records (question A in the AIAR) I sought to verify a sample of the council's transactions. For one item, neither the invoice (Queen's Jubilee Decorations purchase, payment value £107.57) nor details of the item purchased were available. This must serve as a cautionary reminder to all concerned in the verification of the council's expenditure of the need for vigilance in this important aspect of financial management.

Recording bank balance and bank reconciliation

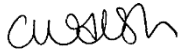
It is considered good practice to record details of bank balances and reconciliation in the minutes on a regular basis, this enables the information to be made available to the public and enhances the transparency of the council's financial situation. Both internal and external audit look for a minute as the (best) evidence of the council having done something, so the most appropriate place to find details of the bank balance is in the minutes.

Complaints Procedure

A Complaints Procedure should also be put in place to allow a complaint to be made, recorded and dealt with effectively. Templates of these documents are widely available.

Accordingly, I have completed and signed off the Annual Internal Audit Report of the AGAR as required.

Yours sincerely,



Mrs Cathy Walsh

The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2022	Year ending 31 March 2023
1. Balances brought forward	9,610	9,398
2. Annual precept	8,450	9,295
3. Total other receipts	1,469	1,466
4. Staff costs	3,050	2,908
5. Loan interest/capital repayments	0	0
6. Total other payments	7,081	7,990
7. Balances carried forward	9,398	9,291
8. Total cash and investments	9,398	9,291
9. Total fixed assets and long-term assets	144,858	145,157
10. Total borrowings	0	0